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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/043,071	01/08/2002	Marc Michael Groz	MMG-002U	4941

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EXAMINER	
HOEL, MATTHEW D	

ART UNIT	PAPER NUMBER
3714	

DATE MAILED: 12/13/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	10/043,071	GROZ, MARC MICHAEL	
	Examiner	Art Unit	
	Matthew D. Hoel	3714	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *02 August 2006*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *42-49* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☒ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *42-49* is/are rejected.

7)☐ Claim(s) *42-49* is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 102

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless –
>
> (e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

2. Claims 42 to 46 and 48 are rejected under 35 U.S.C. 102(e) as being anticipated by Adao e Silva (U.S. provisional application 60/254,053, published as WO 02/47010 A1, PCT/US0148587).

3. As to Claim 42: '053 teaches offering to sell tokens to a plurality of players to participate in a game (Page 2, Lines 13 to 17). Each of the tokens has a price and a designated residual value (Page 5, Lines 1 to 8; Page 3, Line 16 to Page 4, Line 3). '053 teaches receiving financial consideration from the players, the financial consideration being equal to the number of the tokens purchased by each of the players times the price of the tokens (50,000 shares, $1,000 each, Page 5, Lines 1 to 8). '053 teaches allocating a first portion of the financial consideration to a prize pool, the first portion being greater than zero, and the prize pool to be distributed among the winners of the game (Page 5, Lines 9 to 11). '053 teaches conducting the game such that there is an outcome of the game wherein the outcome may comprise the designation of a

portion of the tokens as winning tokens (Page 2, Lines 8 to 12). '053 teaches awarding the prize pool to the owners of the winning tokens if the outcome comprises the designation of winning tokens (Page 2, Lines 8 to 12). '053 teaches allocating a second portion of the financial consideration to purchase assets (Page 3, Lines 13 to 16). These assets have a positive expected return over a period of time such that the expected value of the assets at the end of the time period is greater than or equal to the financial consideration less the prize pool (funds, Page 4, Lines 4 to 13). '053 purchases the assets with the second portion of the financial consideration (Page 5, Lines 4 to 7). '053 teaches assigning the assets to the tokens (Page 5, Lines 1 to 8); the assignment to each token being in proportion to the price of each token times the residual value of each of the tokens (portion assigned to investment, Page 3, Line 17 to Page 4, Line 3). '053 commits to provide the current market value of the assets at the end of the period of time to the owners of the tokens (college investment fund eventually withdrawn, Page 4, Line 12).

4. As to Claim 43: The game of '053 can be a lottery (Page 2, Line 14).

5. As to Claim 44: An electronic receipt is inherent in the Internet gaming site of '053 (Page 3, Lines 6 to 9).

6. As to Claim 45: The residual value of '053 can be 50% (Page 3, Line 20 to Page 4, Line 1).

7. As to Claim 48: The residual value of '053 can be less than or equal to 80% (Page 3, Line 20 to Page 4, Line 1).

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

9. The factual inquiries set forth in *Graham* **v.** *John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

10. Claims 46, 47, and 49 are rejected under 35 U.S.C. 103(a) as being unpatentable over '053.

11. As to Claim 45: '053 discloses a gaming investment concept involving a membership club and lotteries (Page 2). The "Background" of '053 mentions lotteries run by local governments (Page 1), but does not specifically mention the lottery investment of '053's claimed invention as being run by a government. '053 mentions the assets comprising one or more of a savings bond, fixed income securities, shares of stock, mutual fund shares, derivative instruments with value linked to objectively verifiable economic or financial data, long term bonds paying a guaranteed rate, or shares in an equity index linked to either Standard & Poor's 500 index or a broad index (various mutual funds, Page 4). The applicant has not stated that having the lottery

investment being run as a state-run lottery solves any stated problem or is for any particular purpose. Moreover, it appears that '053, or the applicant's invention would perform equally well as a state-run lottery. Accordingly, it would have been prima facie obvious to one of ordinary skill in the art at the time the applicant's invention was made to have modified '053 such that the lottery investment was a state-run lottery, because such a modification would have been considered a mere design consideration which fails to patentably distinguish over '053.

12. As to Claim 47: '053 discloses a number of funds including a venture capital fund, an emerging market fund, a college investment fund, and a tax fund (Page 4). '053 states that this ensures the players will never experience a total loss (Page 4). Venture capital funds are known in the art to be higher-risk and higher-profit than other types of investments. '053 discusses a prize pool (percentage invested, Page 3), a period of time (six months or year, Page 3), and implies varying rates of return (different funds types, Page 4) to prevent the player from experiencing total loss. '053 does not address the expected rate of return on assets, the period of time, and the prize pool being chosen such that the expected return of the game is greater that the expected return of a conservative investment. The applicant has not stated that addressing the expected rate of return on assets, the period of time, and the prize pool being chosen such that the expected return of the game is greater that the expected return of a conservative investment solves any stated problem or is for any particular purpose. Moreover, it appears that '053, or the applicant's invention, would perform equally be by address the expected rate of return on assets, the period of time, and the prize pool

being chosen such that the expected return of the game is greater that the expected return of a conservative investment. Accordingly, it would have been prima facie obvious to one of ordinary skill in the art at the time the applicant's invention was made to address the expected rate of return on assets, the period of time, and the prize pool being chosen such that the expected return of the game is greater that the expected return of a conservative investment, because such a modification would have been considered a mere design consideration which fails to patentably distinguish over '053.

13. As to Claim 49: '053 discusses the lottery investments being invested in various types of fund with different rates of return to prevent the player from experiencing total loss (Page 4). '053 does not address the assets comprising a bank account paying interest. The applicant has not stated that having the assets comprise interest solves any stated problem or is for any particular purpose. Moreover, it appears that '053, or the applicant's invention would perform equally well having the assets comprise a bank account paying interest. Accordingly, it would have been prima facie obvious to one of ordinary skill in the art at the time the invention was made to have modified '053 such that the assets comprised a bank account paying interest, because such a modification would have been considered a mere design consideration which fails to patentably distinguish over '053.

Response to Arguments

14. The abstract submitted Aug. 2nd, 2006 is accepted. Upon further consideration, the examiner does not believe that Claims 46, 47, and 49 are non-obvious over '053,

although they could not be strictly read into the reference. These claims did not specifically pertain to the applicant's claimed inventive step of inventing a portion of lottery proceeds in revenue-generating investments to ensure that the lottery return is positive instead of negative, as most players of standard lotteries lose money. They only claimed who ran the lottery and what the investments were. These claims are accordingly rejected.

Response to Amendment

15. The affidavits filed on Aug. 2nd, 2006 under 37 CFR 1.131 has been considered but is ineffective to overcome the Adao e Silva reference.

16. The evidence submitted is insufficient to establish diligence from a date prior to the date of reduction to practice of the Adao e Silva reference to either a constructive reduction to practice or an actual reduction to practice. Ex. C, the redacted 2000 tax return for the Quaternion Group, establishes that Mr. Groz was president of this company. There is no evidence of his actual duties, work schedule, activities, or anything else. This exhibit also does not pertain to the limitations of the claim language or serve to establish conception or diligence. Time sheets, an engineering notebook, software revision logs, source code, test results, blueprints, photographs, etc. would be more useful.

17. The evidence submitted is insufficient to establish a conception of the invention prior to the effective date of the Adao e Silva reference. While conception is the mental part of the inventive act, it must be capable of proof, such as by demonstrative evidence

or by a complete disclosure to another. Conception is more than a vague idea of how to solve a problem. The requisite means themselves and their interaction must also be comprehended. See *Mergenthaler v. Scudder*, 1897 C.D. 724, 81 O.G. 1417 (D.C. Cir. 1897). The applicant and the affiant claim that the invention was conceived before Dec. 7th, 2006 (on or before Dec. 6th, 2006). Ms. Juris' declaration (Ex. A) shows all of the limitations of independent Claim 42, but there is not evidence of a date, or how this information was communicated to her. The affidavit is a mere restating of Claim 42's limitations. When before Dec. 7th, 2000 was she aware of this information—days, weeks, or months before? It would be very difficult to absolutely ascertain that the invention was conceived before 12-7-2000 if the affiant does not know the approximate date. The examiner believes it reasonable that the affiant should state a time of month or an approximate date. The examiner is also uncertain how this information was conveyed, whether verbally or in writing. Did Ms. Juris learn of the invention through working with Mr. Groz, or from conversation? This is not mentioned. Ex. B, the notebook entry, is only a phrase in a notebook that a lottery has a positive expected rate of return. The entry is barely legible, has no date, and has no details about how the lottery is supposed to work. Most importantly, the entry does not pertain to the claim language, except to possibly say that the lottery has a positive expected return (ER?).

18. The evidence submitted is insufficient to establish a reduction to practice of the invention in this country or a NAFTA or WTO member country prior to the effective date of the Adao e Silva reference.

19. The evidence submitted is insufficient to establish applicant's alleged actual reduction to practice of the invention in this country or a NAFTA or WTO member country after the effective date of the Adao e Silva reference.

20. The examiner does not see sufficient evidence of either attorney diligence or engineering diligence in reduction to practice. Evidence that the invention was conceived and tested out so that it worked as intended, showing how all of the claimed limitations were reduced to practice would be more useful. The examiner points the applicant to MPEP 715.07, 2138.04, 2138.05, and 2138.06. The examiner is aware of three ways the applicant can use a 37 CFR 1.131 affidavit to overcome a reference, MPEP 715.07(III) (A,B,C).

21. The first situation involves the date of reduction to practice, followed by the effective date of the reference, followed by the filing date of the application. In this case, the critical period for diligence is before the effective date of the reference. The claimed invention must be reduced to practice before the effective date of the reference.

22. The second situation involves the date of conception, followed by the effective date of the reference, followed by the reduction to practice, followed by the filing date of the application. The critical period for diligence in this case is from before the effective date of the reference to the date of reduction to practice. The claimed invention must be conceived before the effective date of the reference, and must be diligently reduced to practice from before the effective date of the reference to the date of reduction to practice.

23. The third situation involves the date of conception, followed by the effective date of the reference, followed by the filing date of the application. The critical period for diligence in this case is from before the effective date of the reference to the filing date of the application. The claimed invention must be conceived before the effective date of the reference, and must be diligently reduced to practice from before the effective date of the reference to the filing date of the application.

24. The examiner notes that Adao e Silva discloses, but does not claim, the claimed invention, so it is appropriate to attempt to overcome the reference by 1.131 (MPEP 715 (I)(B)). The examiner also notes that the applicant has not admitted that the Adao e Silva reference is prior art, in which case a 1.131 affidavit could not be used. The examiner finds the affidavits to be properly executed.

25. The applicant has not shown either attorney or engineering diligence in reduction to practice. The exhibits would not meet 112, 1st paragraph if they were a specification and could not be used for a rejection if they were prior art because they do not have enough detail. The claimed invention should be generally tested to see if it works for its intended purpose, showing how each claimed limitation was reduced to practice. Notebooks, diagrams, etc. would be useful (MPEP 715.07 (I)). MPEP 715.07(III) (A,B,C) discusses actual reduction to practice, conception followed by diligence from prior to the reference date to reduction to practice, and conception of the invention prior to the reference date coupled with diligence from before the reference date to the filing date (the three situations outlined above). Any gaps between the date of conception and the beginning of reduction to practice should be adequately explained, along with

any gaps in reduction to practice. Also, the date of conception needs to be perfected. MPEP 715.07(a) talks about this, along with 2138.05(II to III), and 2138.06. Demonstration of diligence in drafting the provisional application such as a log as mentioned in 2138.06 would be helpful. In this case, this would be shown by the inventor, as the case was originally pro se. The examiner generally points the applicant to 715.07 and 2138.06. The examiner respectfully disagrees with the applicant as to the claims' condition for allowance.

Citation of Pertinent Prior Art

26. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. "A Global Lottery and a Global Premium Bond," Addison, et al., United Nations University Discussion Paper 2003/80, is considered to be relevant. The Wikipedia article "Venture Capital" downloaded from www.wikipedia.org on Nov. 30th, 2006 is considered to be relevant. The Proquest citation of Nebraska Lottery tickets, "Arizona Republic," Phoenix, AZ, Mar. 28th, 1999, page B2, ProQuest ID 40136311, downloaded from proquest.umi.com, Mar. 25th, 2006, is considered to be relevant.

Conclusion

27. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Matthew D. Hoel whose telephone number is (571) 272-5961. The examiner can normally be reached on Mon. to Fri., 8:00 A.M. to 4:30 P.M.

28. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Xuan M. Thai can be reached on (571) 272-7147. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

29. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Matthew D. Hoel, Patent Examiner
AU 3714

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TC3700